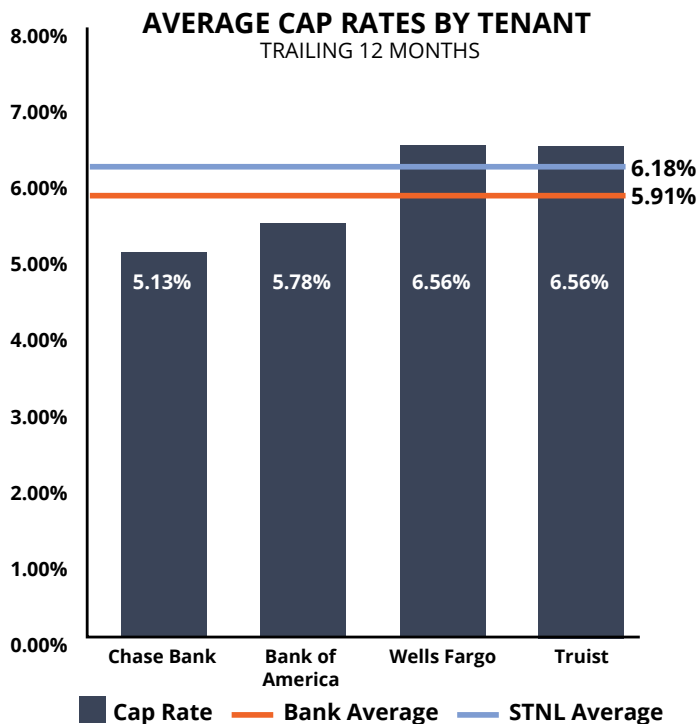


Bank Sector Outlook

Investment volume and cap rates for banks in the last 12 months have increased compared to the previous period. In 2024, average cap rates have generally increased since the beginning of the year but are still lower than those of other net lease sectors. The Federal Reserve's previous rate hikes for its long battle against inflation have been a major factor pushing cap rates higher. However, growing signs of a cooling economy have led the Fed to signal imminent rate cuts, which will release pressure on investors and allow cap rates to gradually fall. Demand for banks has remained relatively steady. Interest has shifted from regional banks to larger national bank branches for several reasons including relatively recent failures of regional banks such as Silicon Valley Bank and Signature Bank. Customers and investors have shifted their preferences towards larger players including: JPMorgan Chase, Bank of America and Wells Fargo. This trend is due to national bank chains having more capital reserves and higher creditworthiness, which creates the perception that they are less risky and less likely to default.



Source: Costar, Crexi and AVANT



\$226.44 billion
2024 MARKET SIZE



\$269.28 billion
EXPECTED MARKET SIZE BY 2029



\$3.5 trillion
JPMORGAN CHASE IS THE LEADING MARKET PLAYER BY ASSETS

Source: www.mordorintelligence.com

77,500 BANK BRANCHES IN THE U.S.

WHERE WE ARE TODAY

The rise of online banking has reduced demand for physical branches and national banks have more resources to consolidate branches in high-traffic locations, thus optimizing efficiency. As a result, cap rates and deal pricing vary based on bank size and local market, making it imperative to understand the more intricate nuances of bank deals.

BANK BRANCHES RANKED BY VISITORS

July 1, 2023 - June 30, 2024

Chase Bank	559 million
Bank of America	476 million
Wells Fargo	463 million
PNC Bank	153 million
Truist	143 million
TD Bank	118 million
Regions Bank	92 million
Huntington Bank	74 million
Fifth Third Bank	63 million
KeyBank	48 million

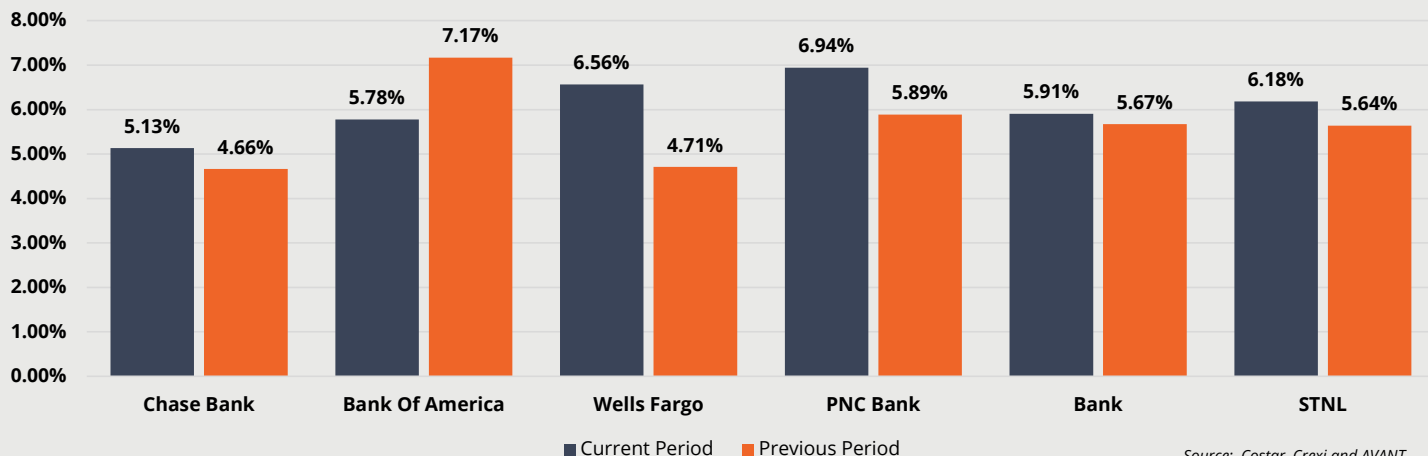
Source: Placer.AI



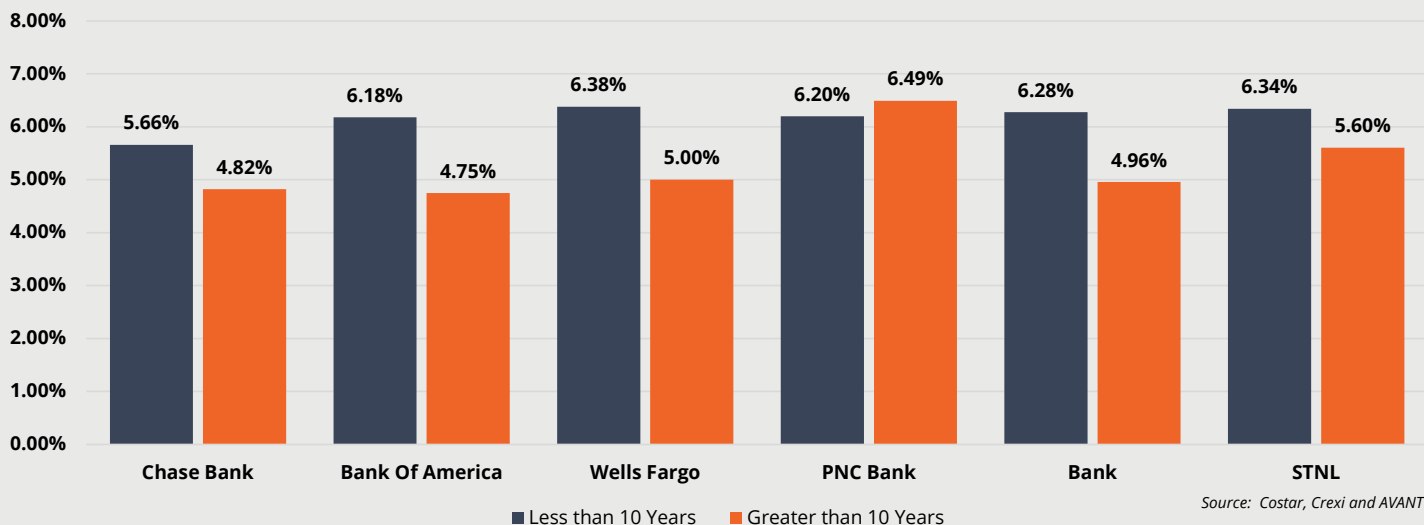
Bank Sector Outlook

CAP RATES OVER TIME

TRAILING 12 MONTHS



EFFECT OF REMAINING TERM ON CAP RATE



BANK

Cap rate Trends

Banks on average are selling at a 5.91% cap rate, 27 basis points below the average for all single tenant net lease (STNL) investment sales (6.18%). Cap rates for banks have notably been somewhat volatile, but have decreased in the last year, overall. This is due to the consistent demand for branches, especially those occupied by national bank chains and those located in high-traffic locations.

179

ACTIVE LISTINGS

As of 8/6/2024 179 bank properties are on the market.

Source: Crexi



\$3,435,949
AVERAGE ASKING PRICE



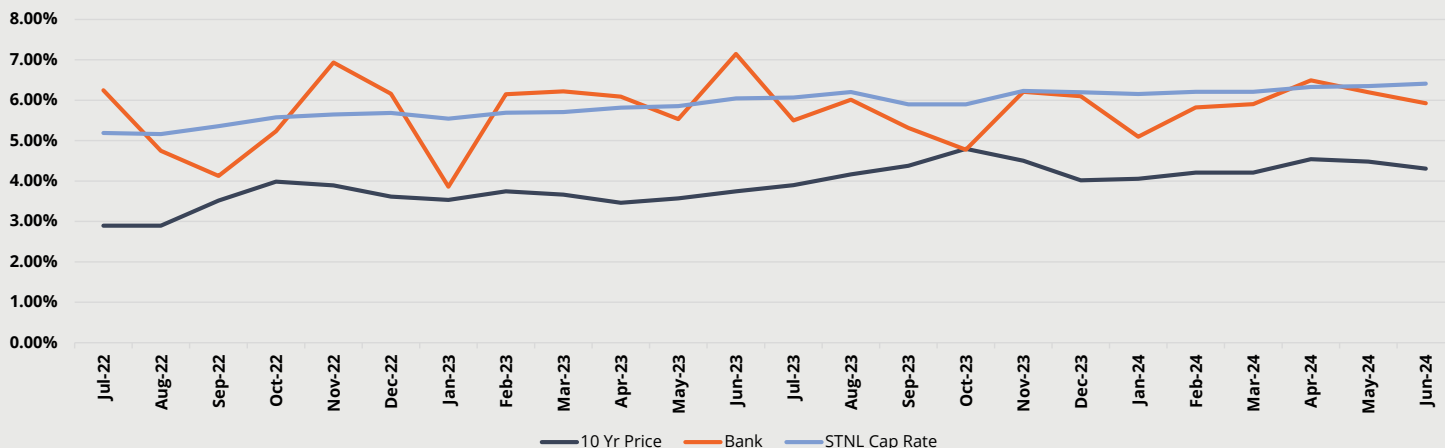
6.01%
AVERAGE ASKING CAP RATE



6.77 Years
AVERAGE TERM REMAINING

Bank Sector Outlook

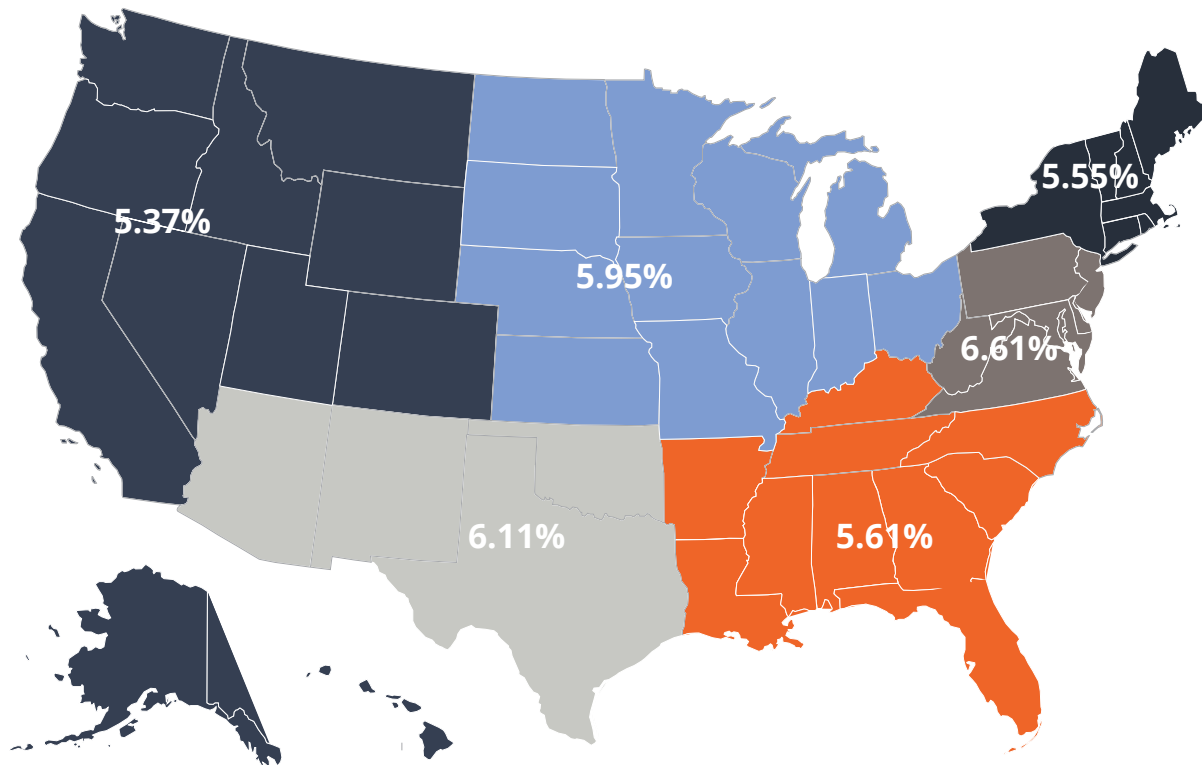
STNL CAP RATES VS. 10-YEAR TREASURY



Source: Costar, Crexi and AVANT

CAP RATES BY REGION

Regional cap rates strongly correlate with the economic fundamentals of the local market. Banks located in highly populated areas with higher demand in urban hubs like New York, California, Florida, and Texas tend to have lower cap rates. Tax-free states like Nevada also have lower cap rates across the board. In other words, investors are generally more willing to pay a premium for banks located in high demand and/or low tax markets.



Let's connect.

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